(b) whether Government would consider to fix the rate of service tax between 12.5 per cent to 7 per cent in order to check inflation;

(c) if so, by when; and

(d) if not, what will be the extent of loss of revenue to Government as a result thereof alongwith the details thereof, State-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Inflation measured in terms of wholesale Price Index reached 7.33 per cent as on April 12, 2008. Increase in prices of coal, mineral oil products, iron ore, and basic metals and alloys comprising iron and steel, foundries for casting and forgings and pipes and wires were among the factors contributing to inflation in recent weeks.

Service tax is levied at the rate of 12 per cent of the value of taxable services. CENVAT rate for manufactured goods is 14 per cent. It is the policy of the Government to converge the rates between goods and services consistent with the Government's declared intention of moving towards a composite Goods and Services Tax (GST) by April 2010. Service tax paid on services used as inputs in the manufacture of excisable goods is available as credit and is only a pass-through. At present, there is no proposal under consideration of the Government to revise the applicable rate for levy of service tax.

Farmers' Debt Relief Fund

3755. SHRIMATI SUPRIYA SULE:
SHRIMATI KANIMOZHI:

Will the Minister of FINANCE be pleased to state:

(a) whether giving a decisive push to implement the controversial Rs. 60,000 crore farm loan waiver scheme, Government has decided to set up a Farmers' Debt Relief Fund with an initial corpus of Rs. 10,000 crore;

(b) if so, whether Government would initiate to provide Rs. 10,000 crore to the fund which has been earmarked in the Supplementary Demands for Grants for 2007-08; and

(c) whether the fund would further be augmented by another Rs. 50,314 crore in next four years to compensate banks and other lending institutions on account of losses resulting from bad debts?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Yes, Sir. A Farmers' Debt Relief Fund has been created with an initial corpus of Rs. 10,000 crore in March 2008.

The Fund is to be augmented, as required, for reimbursing the Scheduled Commercial Banks, Regional Rural Banks and Cooperate Credit Institutions against the amount of debt waiver/relief granted by them as per the approved debt waiver and debt relief Scheme for farmers. As per present estimates, the Fund would be augmented by another Rs. 50,314 crore upto June 2011.

Mandate for collecting Education Cess

6. SHRI HARISH RAWAT: Will the Minister of FINANCE be pleased to state:

(a) the mandate for collecting the Education Cess;